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Central and Eastern European Land Tenure Patterns

A Brief Historical Overview

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Abstract

This report reviews the history of land tenure patterns in the seven Central and Eastern European (CEE) countries of Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and former Yugoslavia. Traditionally, land tenure patterns in these countries have included both small farms and large state and collective farms. CEE governments are more likely to reestablish an agricultural tenure system based on small individual holdings in countries where the pre-World War II population perceived itself as a peasantry. This self-perception was strongest in countries where feudal agricultural tenure was the least transformed into modern, commercial farming before being organized under collective control. Familiarity with landownership patterns in the region before and during the period of socialist rule provides a basis for understanding why land privatization and compensation policies that are practical in one country are not acceptable or effective in another.

Keywords: Agricultural land, foreign landownership, landholdings, land tenure.

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Summary

Traditionally, land tenure patterns in the seven Central and Eastern European (CEE) countries of Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and former Yugoslavia have included small farms and large state and collective farms. The economic reform process underway in these CEE countries allows some changes to traditional land tenure patterns. CEE governments are more likely to reestablish an agricultural tenure system based on small individual holdings if the pre-World War II rural population perceived itself as a peasantry. This self-perception was strongest in countries where feudal agricultural tenure was the least transformed into modern, commercial farming before collectivization, which organized farms under collective control.

Familiarity with landownership patterns in the region before and during the period of socialist rule provides a basis for understanding why land privatization and compensation policies that are practical in one country are not acceptable or effective in another. This report reviews the history of land tenure patterns in these seven CEE countries.

The basic aims of land reform policies in the CEE region have differed from country to country depending largely on whether or not rural pressure for land distribution was strong. The earlier historical appearance of small-farm tenure in Czechoslovakia, Hungary, Poland, and former Yugoslavia has evolved into less rural pressure for transition to a more small-farm-based agricultural system. These areas tend to have farming populations with less hunger for land. In contrast, the farming populations of Albania, Bulgaria, and Romania show greater enthusiasm for small peasant farms. Their governments have accommodated them with legislation aimed at more definitively breaking up the large state and collective farms of the socialist period. The connection with past tenure patterns in this second group of countries is that there was only a short period of small-farm tenure prior to the land collectivization of the Communist period. This short period of small-farm tenure did not satisfy the rural population's desire to farm their own land.

In the countries where tenure patterns evolved away from feudal arrangements beginning in the mid-19th century (Czechoslovakia, Hungary, Poland, and former Yugoslavia), agricultural laborers tied to estates became independent peasants focusing on self-sufficiency. Many peasants then evolved further into small-farm operators who were commercially oriented and later able to expand their holdings. Other peasants became wage laborers or tenant farmers. By the early 20th century, a large share of the agricultural land in these countries belonged to small, commercially oriented farmers whose families had an established history of private tenure. The aspirations of a significant part of the rural population to become independent farmers were largely fulfilled. By the time these countries became Communist after World War II, their rural populations were well acquainted with farming their own lands. In these countries, there is currently little pressure to institute a land-tenure system based on increasing numbers of small farms.

In contrast, Albania, Bulgaria, and Romania have much shorter histories of land tenure based on small farms. Either landownership was largely in foreign hands until the turn of the 19th century (Albania and Bulgaria) or remained very concentrated for other reasons (Romania). In either case, the transition to peasants pursuing self-sufficiency, and later to small, commercially oriented farmers, was delayed until the early 20th century. Land reforms in the first half of the 20th century expanded the scope of small-farm tenure. However, these reforms came too late to establish a long-lasting predominance of small-farm tenure, which was cut short by the collectivization policies of the Communist period. Consequently, the rural population's land hunger has survived until the current period and makes itself felt at the political level. The political system has responded by pursuing liquidation of the large state and collective farms of the Communist era more vigorously than in Czechoslovakia, Hungary, Poland, and former Yugoslavia.

Central and Eastern European Land Tenure Patterns

A Brief Historical Overview

Mark Lundell and Kathryn DeRemer

Introduction

One can generalize about ancient land tenure traditions in Central and Eastern Europe even before the Middle Ages, when our study of the individual countries begins. At that time, three types of patterns predominated.

In the Roman Law System, land was evenly divided and bequeathed equally to all heirs. The Roman system influenced the regions where Romania and Albania are now located.

Slavic land tenure customs kept most holdings consolidated through kinship communal ownership, which was passed down through familial lines. Another common Slavic tradition limited subdivision by allowing estates to pass to only one heir. The Slavic traditions affected areas now found in Czechoslovakia and the former Yugoslavia, and had limited effects on the areas now found in Poland and Bulgaria.

Most often in Germanic traditions, the principle of primogeniture was followed, in which only the eldest son was bequeathed the family land. Germanic landholding traditions influenced the region now found in Hungary and, to a lesser extent, some areas now found in Poland. These ancient traditions had varying influences on the countries discussed in this study. Other powers that controlled parts of Central and Eastern Europe after the Middle Ages have had more influence on landownership patterns since the 15th century. These other powers are the Ottoman, Russian, and Austrian Empires, which this report describes on a country-by-country basis.

Communal ownership occurred most often in places not directly influenced by a ruling empire. This type of holding was not common after the Middle Ages, except in certain inaccessible regions, such as Montenegro, and in ecclesiastical holdings belonging to

churches or religious orders (and often farmed by followers of that religion, such as monks). Communal ownership of land is the division of rights to land without granting direct authority to an individual land user of a specific piece of land. Labor and output are both shared and can be organizationally based on kinship relations, village organizations, government units, or religious foundations.

Feudal ownership was predominant in Central and Eastern Europe throughout the Middle Ages, and existed in different forms in the various ruling empires. Landlords owned large estates farmed by laborers and tenant farmers, known as serfs, who also lived on the estates. Serfs could not own land and did not receive a cash remuneration for their labor, but were provided with a small portion of the crop as payment. Often, some of the crop payment they received had to be paid back to the landlord for rent. The serfs were obliged to work the land and could not move from under their landlord. Modified forms of feudalism existed in some Central and Eastern European (CEE) countries well into the 19th century.

In the second half of the 19th century, the release of serfs from land in the CEE areas ruled mainly by the Austro-Hungarian and Russian Empires promoted a land tenure pattern that involved small peasant holdings alongside large estates based first on sharecropping, second on tenancy, and later on wage labor. In the CEE areas that the Ottoman Empire controlled, small peasant holdings developed later, at the end of the 19th century. In these areas, transition to predominantly small peasant holdings was often quicker and more abrupt than in the Austro-Hungarian and Russian Empires and was usually connected to the departure of the Ottoman nobility.

Each individual country's land ownership history, patterns, and laws are organized chronologically in this report. The time periods are divided by the two

World Wars, the beginning of socialist rule, stages of agricultural collectivization, and the reforms of the collective agricultural system in each country. The study stops short of addressing in detail the specific legal reforms of the early 1990's after the systemic changes in Central and Eastern Europe. These recent legislative changes involved many stages and revisions in programs and have been addressed in another study (20)¹. This study provides a framework on which to build an understanding of the diverse history of land-ownership and of the current directions in land reform in Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and the former Yugoslavia.

Albania

The Ottoman empire ruled Albania from the 14th century through the early 20th century, leaving Albania the only predominantly Moslem country in Central and Eastern Europe. Albania thwarted neighboring countries' desires to divide the country amongst themselves by declaring independence in 1912, with support from Austria and Italy, two major powers competing for influence in the area. Although Albania gained independence, the four centuries of Turkish control had a longstanding effect on the landholding patterns in Albania. Before the Communist era in Albania, a limited number of families controlled a latifundia structure of large estates that had endured the departure of the Ottomans. Widespread small peasant land tenure was uncommon, except in rugged mountainous areas.

Before World War I

A select number of families owned most of the land in Albania before the 20th century. Hereditary tenants served Christian and Moslem landlords, who required the tenants to pay a 10-percent tithe to the state and to give a third of the remaining production to the landlord (25). Each landlord established rules locally, because there was an absence of formal legislation regarding estate production. Four types of productive estates were common. In the first and most common type of property, serfs farmed the land under direct supervision of nobles. The second type of farm was run by absentee landlords and farmed by peasants who rented small private plots from the estates. The last two types of agricultural tenure were less common and deviated from Albania's typical feudal organization. The third type consisted of small private Moslem estates worked predominantly by the owners,

with the surplus estate land rented to individuals or to other estates. The fourth type, exclusive to Albania, involved peasant jurisdiction over land that speculators planted with olive trees. The peasants harvested the olives for a third of the crop.

Aside from productive estates, Moslem religious foundations controlled mortmain lands (inalienable, ecclesiastical holdings) called vacoufs. These religious foundations, as well as families with large estates, let portions of their fertile lands in the plains lie fallow, in a three-field crop rotation system. This system was inefficient and problematic for Albania, which had the smallest area of arable land in Central and Eastern Europe and the further burden of a rapidly growing population. The technical revolution that replaced the three-field system in Western Europe with advanced rotations in the nineteenth century was slow in spreading to Albania. As late as 1935, 25 percent of the arable land in Albania was uncultivated (76,505 hectares of 306,018 hectares), attesting to the large percentage of unused land (25). The small plot sizes severely limited many peasants' productive activity (25). Thus, peasants' lack of access to land characterized land ownership in Albania before Albanian independence and well into the 20th century.

Between World War I and World War II

After World War I, the landownership patterns in Albania remained largely unchanged. Albania was the only country in Central and Eastern Europe where feudalism in a relatively pure form lasted through the 1918-39 interwar period.

In 1930, 80 percent of Albanians depended on agriculture, and most were under the direction of a few landowning families (25). The limited number of private peasant farmers lived in the less fertile mountain regions. In the mid-1930's, legislation under the rule of self-ordained King Zog I called for the expropriation of large estates to residual holdings of 40 hectares (greater than 40 hectares for grazing). The law was never enforced and was designed mainly to keep recalcitrant landlords in line with other state policies. Some peasants were able to purchase land under the new legislation, but were in imminent danger of losing their holdings because of money lenders charging unbearably high interest rates.

In the early 1940's, semi-feudal landlords owned 52 percent of the land, small-farm operators owned 28 percent, and the State owned 19 percent (22). Despite his stated intentions, King Zog I did not redistribute the land nor raise Albania's agricultural productivity to near that of other European countries. Meanwhile,

¹Numbers in parentheses refer to sources listed in the References section.

a combination of domestic dissatisfaction and the need to oppose the Italian attack of Albania during World War II led to the formation of communist resistance groups in 1941.

Under Communist Rule

Albanian Communists gained control of the Ministry of Agriculture in 1945 and initiated two land reform policies. In August of that year, all absentee-owned land was redistributed in small 1-2 hectare allotments to the landless and to farmers with small landholdings. In addition, feudal land owners were limited to 40 hectares of land per farm. By 1948, 92 percent of all arable land took the form of small plots of less than 3 hectares owned by peasants (30). These reform policies became obsolete after Communists gained complete control of the government and adopted collectivization--which put land and other productive assets formerly in private hands under collective, or in essence, State, control--as a goal for the structure of Albanian agriculture.

Albania's government encouraged the voluntary collectivization of lowland farms from 1946 until 1954. By 1950, Albania had 90 cooperatives, each averaging 232 hectares of land (21). Mandatory collectivization was pursued in the lowland region after 1954. A decade later, the Communists attempted to incorporate the mountain regions into the mandatory collectivization effort. The highland collectivization was administered in conjunction with large-scale land clearing and terracing projects encouraged by the Chinese. Agriculture was almost completely collectivized throughout Albania by 1968. In addition to collective farms, which technically were formed by both the land and the contributed assets of collective farm members (each of which received a share of the collective's residual income), there were also state farms on which farmers simply received a wage as a hired employee.

The number and size of Albanian collective and state farms varied slightly due to farm consolidation and land reclamation. Their size generally averaged between 250 and 600 hectares. For example, in 1968 the average size of the collectives was 566.8 hectares (15). Eighty percent of Albania's public agricultural production came from these collectives, with the remaining production from state farms (15). The amalgamation of private farms into collective and state farms did not meet the productive expectations of the Albanian Government.

Late Communism and Reform

Despite regularly achieving only 50 percent of its production targets, the Albanian Government never adopted even minimal land redistribution for private use, nor farm incentive programs. Instead, the Government emphasized land reclamation (both irrigation and marsh draining) and chemical use to boost agricultural output. Under the land reclamation program (1950-67) Albania raised cultivable areas in the country by 50 percent (15). Beginning in 1971, special emphasis was placed on chemical use and mechanization to increase yields. Although the country did not fulfill plan targets, by 1976 Albania was self-sufficient in some products, such as grain, and therefore experienced few shortages in bread. Meat and cheese, however, were rationed.

By the mid-1970's, agriculture's importance in Albania had diminished little since the 1930's. About 70-75 percent of consumer goods and 30-40 percent of all exports were either agricultural products or industrial products made from agricultural raw materials. In addition, two-thirds of the population were employed in agriculture (31). Increasing productivity and output on farms were crucial to the economic well-being of Albanians.

Declining output, as well as the reforms that swept through Central and Eastern Europe, forced President Alia, the Communist dictator Enver Hoxha's successor, to consider limited agricultural reforms. Even before these changes in agricultural policy were officially implemented, cooperatives began dissolving without the direction of a formal authority in March 1991, as collective and state farmworkers took control of lands before the lands were officially assigned to them. The dissolution of collective and state farms was legally sanctioned in August 1991.

The method of land distribution that the Albanian Government adopted allocated land in equal parcels among all agricultural families. The land tenure pattern that was prevalent before the Communist era consisted of only 28 percent of agricultural land in the hands of peasant farmers, with the remaining 72 percent owned by large landlords or the State. Thus, there was little political will to reprivatize land, that is, return it to the former owner. Most farmworkers (or their parents) had owned land for only a few years early in the Communist era. Thus, the pressure to reprivatize land was quite low, and evenly distributing land to all agricultural workers was politically desirable. In addition, much of the land in greenhouse cultivation and other intensive cultivation was land

reclaimed from swamp during the Communist era, land that, therefore, never had a private owner.

Most land that the peasantry owned before the Communist era was situated in the mountains. There was pressure in these areas to return these usually small plots to the original owners. The Government of Albania denies that land has been returned to former owners as an explicit policy. In any case, even if all former peasant land owners received their former lands back, the area privatized in this manner would total less than 15 percent of all agricultural land. The remaining majority of land has not been distributed through reprivatization.

The difficulties Albania will face in the redistribution and privatization of land are particularly acute. Efficient land use is critical because agriculture continues to be the predominant economic activity in Albania (employing 900,000 workers of a total workforce of 1.5 million). The area of agricultural land per agricultural worker engaged in production (as opposed to the service sector on farms) is only 1 hectare. State farm-lands were not distributed to state farmworkers as of January 1993. Therefore, 500,000 hectares of the country's 700,000 hectares of agricultural land have passed into private hands. Most peasants do not have the savings to purchase extra land and other inputs needed to make their farms commercially viable. Albania's weak agricultural marketing system hinders small private farmers. A large part of the farming population will eventually have to withdraw from agriculture if larger private farms are consolidated.

Bulgaria

The Turkish control of Bulgaria from 1393 to 1878 created a uniform political structure that replaced familial organization and encouraged foreign ownership of land. The Ottoman Empire, however, did not contribute to Bulgaria's land tenure patterns as it did to Albania's. Most Bulgarians did not adopt the Moslem religion, or work in large Turkish estates. The Chiflick System, which still allowed some autonomy for peasant farmers, was the common form of land ownership during Ottoman rule. Throughout Bulgaria's history, peasant production on fragmented holdings dominated farming.

Before World War I

The Chiflick System, begun under Ottoman rule, was the main form of land ownership from the 18th to mid-19th centuries. This type of land tenure was

concentrated in valleys around major cities. Peasants rented land by paying cash or by supplying half their crop to the local Turkish land owners who had jurisdiction over the estate, known as a chiflick. In addition, the peasants' personal goods and family were protected by the owner of the chiflick. The local representatives of the Ottoman government also collected taxes from peasants. To avoid paying taxes, the peasants began escaping to the highlands.

By the mid-19th century, lack of labor and sufficient government capacity to collect taxes had seriously weakened the Chiflick System. The wealthier Bulgarian land owners consequently bought out some chiflicks. The Ottoman Land Code of 1858 facilitated these purchases by giving official property rights to Bulgarian land owners. Increased Bulgarian control of land boosted crop production. Between 1858 and 1878, grain production increased, and Bulgaria became the Ottoman Empire's premier grain exporting region (16).

When Bulgaria gained complete independence from the Ottomans in 1908, Turkish holdings were quickly claimed and subdivided, enabling small landholdings to predominate in the agricultural sector. Only those few large estates owned by Bulgarians remained in individual hands; these usually were farmed not by tenants, but by hired workers. Communal lands were limited to forests and pastures. In 1909, only 9 percent of Bulgaria's land was on farms larger than 50 hectares, in contrast to 49 percent on farms under 10 hectares, and 12 percent on farms under 3 hectares (16). Though peasants owned the major proportion of land in Bulgaria at the beginning of the 20th century, several reform efforts were attempted to redistribute the remaining large landholdings.

Between World War I and World War II

The Agrarian Party, led by the revolutionary Bulgarian leader Alexander Stambolisky who had been instrumental in bringing about constitutional monarchy in Bulgaria, initiated land reforms in 1921 and 1924. The two reform acts did not drastically affect the landholding patterns in Bulgaria, but did demonstrate Stambolisky's solidarity with peasant farmers. In 1921, the Land Labor Property Act attempted to redistribute some of the remaining large holdings. Later, the 1924 Labor Farms Act was intended to colonize public lands. These laws affected unused state forest and grazing land and private holdings greater than 30 hectares. The Government provided compensation to the private owners at decreasing per-hectare payments for larger holdings.

The land was distributed to six groups of farmers: the landless (who were not previous sellers of land), peasants with tiny plots, returned Bulgarian refugees, farm-workers, farming specialists, and cooperative societies. The 1921 and 1924 reforms only affected 6 percent of the agricultural land (38). Although the reforms only affected a small portion of the land (because the majority of the land was already held in small plots), only 3 percent of cultivable land was in lots larger than 30 hectares by 1934 (25).

Under the royal dictatorship of King Boris, a 1941 reform law similar to the 1924 Labor Farms Act addressed the further distribution of public lands to farmers. In the 1941 law, a maximum allocation of 5 hectares was given to farmers who were bound to the plot for 20 years. The farmer was obliged to farm and improve the land to keep title to the property. A land improvement fund was established to provide assistance to farmers for land improvements. Only 4 years after the 1941 reform law passed, the collectivization of agriculture began.

Collectivization

The Communist-influenced Fatherland Front political movement controlled most government power at the end of World War II and began the land collectivization effort in Bulgaria. A precedent for the 1945 Law on Labor Cooperatives was set in the Pleven district in northern Bulgaria, where joint cultivation of crops had begun in the early 1940's to increase the low productivity that resulted from the fragmented state of landholdings. The 1945 Law encouraged the voluntary grouping of lands into communal farms. Each member of a cooperative farm lost title to his or her original parcel of land, but was allowed to retain 0.1 to 0.5 hectare for personal use.

This 1945 Law on Labor Cooperatives was followed by the 1946 Labor Land Ownership Law. Article 8 of the 1946 Law allowed the Government to expropriate land held in excess of 20 hectares (30 hectares in the Dobruja, which was former Romanian territory) and distribute the land to cooperative farms. The country progressed little in collectivization, however, until the choice to collectivize was removed. The compulsory measures, including taxes and obligatory delivery, effectively removed the land from the peasant owners. By 1950, 43 percent of the land was collectivized, and by 1960 almost all of the agricultural land was concentrated in state and collective farms (32).

Reforms

In February 1963, important measures were taken to stimulate private initiatives in farming. Private plots were made free from taxation, and some freedom from mandatory state contracts was allowed. Private livestock grazing was allowed in state meadows. The Government provided moral support as well as the material measures. The State made it the policy of local party and government officials to help citizens produce food. Despite these significant reforms on paper, the support from party officials was weak in reality, and changes were marginal. By 1970, more than 800 cooperative and state farms remained (12). Growth in gross agricultural output slowed in the 1970's from an average of 2.9 percent from 1971 to 1975 to 1.2 percent in 1977. Crop production actually declined 0.9 percent in 1977. The organizational reforms made throughout the 1970's had a much more significant effect on Bulgarian agriculture.

Bulgaria made changes in the overall economy and in agriculture throughout the 1970's that affected land distribution and management. Emphasis was shifted away from incentives and onto the horizontal amalgamation (joining farming enterprises) of cooperative farms into Agro-Industrial Complexes (AIC's) and the vertical consolidation (joining farms with their suppliers and buyers) of agricultural production and food processing. The horizontally integrated AIC's increased the scale and amount of specialization on farms. The plans to vertically integrate the AIC's into Industrial-Agricultural Complexes (IAC's), under which management of agricultural production and processing would be unified, was never realized except for eight sugar beet production and processing complexes formed in 1973.

The IAC organization was abandoned completely in 1979 (3). The AIC's, however, became the predominant form of farm structure. In 1972, there were 835 state and cooperative farms and 265 AIC production units. By 1977, 1,862 AIC's were in operation and by 1978, only 82 cooperative and state farms remained (12). In the late 1970's, the AIC's were producing between 75 and 77 percent of Bulgaria's agricultural output (12). A 1978 proclamation allowed private household plots for members of the AIC's. By early 1979, Bulgaria began countrywide reforms, which included further changes in agricultural organization.

In March 1979, Bulgaria's New Economic Mechanism was introduced. The so-called National Agricultural Industrial Union replaced the Ministry of Agriculture and Food Industry, and several specific

policy changes accompanied the change in management. More-flexible pricing arrangements involved a reduction of central plan indicators and increased bargaining power for the AIC's. The expenditure reduction measures included an elimination of budget subsidies in agriculture and a decrease in the direct wage payments to farmers. Farmers directly benefited from two of the components found in the March 1979 plan. One component called for a tax exemption on capital investments state and collective farms made to improve land productivity, and the other component specified a single fee for land (which was greater if the land had been unused since 1970) instead of multiple taxes.

Even after these reforms were implemented, the massive size of the AIC's prevented effective management. Reducing their size to increase efficiency became necessary. Throughout the 1980's, Bulgaria pursued a policy of dividing the AIC's into separate management units. The government monopolization of the agricultural sector ended in the 1990's with the shift away from central planning.

The coalition government headed by Dimitur Popov initiated radical economic measures in 1991. After lengthy debate and numerous delays, a Law for Agricultural Land Ownership and Use was passed in February 1991, and a series of amendments was enacted in April 1992. The main provision of the law is to return land to the original owners, as defined by the 1946 Agrarian Reform Law, or their heirs. Land ownership is limited to 20 hectares in areas designated "intensive" and 30 hectares in hilly or mountainous areas (these limits are the same as those set out in the 1946 Law).

According to the amendments, reinstatement will occur within the "real boundaries" of the original piece of land if they are still evident; where those boundaries no longer exist, former owners will receive plots of equivalent size and quality. Also to prevent excessive fragmentation, the minimum plot size that can be included in future land transactions (sales or inheritances) is 0.3 hectare for fields, 0.2 hectare for meadows, and 0.1 hectare for permanent crops. The only restriction on the sale of land is that it may not result in holdings of more than 30 hectares per family.

At the same time that the amendments to the land law were passed, additional legislation called for the liquidation of all agricultural cooperatives. Under this legislation, liquidation councils were set up in each region to manage the cooperatives until their liquidation and to supervise the distribution of assets among

the members. Although final liquidation and distribution of all collective and state farm assets had not been achieved by the end of 1992, the socialist agricultural production system has effectively been dismantled. Land and livestock have been distributed to the rural population, and many assets on the collective and state farms have been idled pending final distribution by the liquidation councils.

The clear government preference in Bulgaria for liquidating the socialist agricultural cooperative system and establishing a small peasant farm system indicates the political appeal of meeting the rural population's desire for landownership, albeit in small fragmented holdings. Although this type of land usage pattern may prove to be less efficient than larger land conglomerations, it addresses the attachment to land, however small, that a short history of landownership by the peasantry generated. The process of buying up small peasant holdings and conglomerations into larger peasant and commercial farms with a marketable surplus advanced very little in Bulgaria before the Communist era, but is resuming.

The Czech and Slovak Republics

The large estates formed during the 300 years of Austrian and Hungarian rule (which began in 1620 when the Bohemian Kingdom was defeated and taken over by the Austrian Hapsburgs) influenced the landownership patterns in Czechoslovakia. Until World War I, the Czech regions of Moravia, Bohemia, and Silesia were under Austrian rule, and Hungary ruled the eastern provinces of Slovakia and Ruthenia. Because of the distinct land policies, the ownership patterns varied in the two areas.

Before World War I

Because of the differences in rule, the landholding patterns in the Czech and Slovak lands were not identical, though there were similarities. The Czech regions of Moravia, Bohemia, and Silesia contained many large estates managed generally by usufruct law, which governed land owned by one group but used by a different group. The Hapsburg imperial family held these large estates, while the nobles managed and profited from the estates. Farmworkers engaged less in tenancy and more often worked in return for small cash salaries, portions of the crop, or usage rights over other plots of land. As late as 1921, 37 percent of Czech farms were larger than 100 hectares, and 28 percent of Czech farms were larger than 2,000 hectares (25).

The eastern provinces of Slovakia and Ruthenia were divided into smaller feudal estates. The owners of these estates had more autonomy over their lands, compared to their counterparts in the Czech lands who were ultimately under Austrian rule. The serfs in Slovakia and Ruthenia became shareholders and small-holding tenants after the breakdown of feudalism in the late 19th century. At the start of World War I in the eastern provinces, 50 percent of the holdings were in allotments larger than 16 hectares, and 36 percent of the holdings were in apportionments larger than 580 hectares (25).

Between World War I and World War II

The Czech and Slovak regions were joined October 28, 1918, by a national council vote. The union was not without conflict, but strong political leadership provided stability. Benes succeeded Masaryk, the first Czechoslovak president. Both presidents provided the leadership needed to keep the two regions united early in Czechoslovakia's history. Consistent land reform policies were pursued after unification.

In 1920, the new Czechoslovak Government initiated land reforms, aimed partly at breaking the power of the German and Hungarian land owners. Total areas greater than 250 hectares per holding, or 500 hectares in special circumstances, and cultivable areas greater than 150 hectares were expropriated and divided. The State provided compensation based on potential income calculated from pre-World War I yields. Not all of the expropriated land was distributed, because much of the area in timber became state property. The property without forests was distributed free of charge to former tenants, landless workers, and farm-workers with small holdings.

In the Czech region, changes in the land tenure rules aided redistribution. In 1924, to target large family holdings for redistribution, the local government further abolished the entailment of estates larger than 200 hectares. Entailment is the limiting of land inheritance to the owner's lineal descendants. In lieu of entailment, plots of 6 to 15 hectares, both entailed and nonmortgagable, were given to nobles who had been required to break up their large estates, and to former tenants of the estates. Communal lands were also encouraged as an alternative to the large-estate structure. By 1930, the tenure law changes proved to be relatively successful. Throughout the Czech region, only 14 percent of farms remained in units exceeding 100 hectares (25).

Germany controlled Czechoslovakia from the time it invaded the country in 1938 until the end of World

War II. During the first 2 years of German occupation, the land reform effort that had begun in 1924 continued to target owners of farms with more than 200 hectares of land. Church holdings of more than 200 hectares of land were never specifically targeted in the reform, and therefore had remained unaffected. After 2 years of occupation, the administration of Czechoslovak policies became more difficult, so the reforms were halted. As an occupying force, the Germans confiscated land to benefit those Germans living in Czechoslovakia.

Post-World War II

After World War II, a National Front coalition of leftist parties (Communists, Social Democrats, and National Socialists) controlled the Government. Land reform policies under this government began in 1945. These reforms did not involve the immediate collectivization of agriculture, but rather a reorganization of land taken by the Germans and a reallocation of farms with more than 50 hectares of cultivated land. The land reform emphasized the breakup of the largest estates first. The 1946 free elections left the Communists in control and the process of breaking up large estates was continued. Fearing an apparent loss of parliamentary control in the May 1948 elections, the Communists staged a coup early in that year and gained total control of Czechoslovakia. Large farms were further divided between 1948 and 1949. In March 1949, 24 percent of farms had between 5 and 10 hectares of land and 17 percent of Czechoslovak farmland was in plots of 5 to 10 hectares (2).

Later in 1949, the reforms became obsolete, as the Government shifted its policies and adopted a program of collectivization of agriculture. The Government gradually phased in collectivization to avoid organized resistance among owners of midsized and large farms. But by the early 1950's, almost all farm owners were being pressured to join the state and collective farm system. Farm owners who did not sign contracts with cooperatives lost their land to the Government without an indemnity. By 1953, more than 40 percent of cultivable land was collectivized, and by the end of the 1950's, the collectivization process was essentially completed. As in the Stalinist model, agriculture was only seen as a necessary support to promote heavy industry, so very little investment was made in modern agricultural techniques. This neglect in capital inputs, along with land collectivization policies, resulted in a neglect of the agricultural sector and shortages of major foodstuffs. Declining productivity led to agricultural policy reforms in the 1960's.

Late Communism and Reform

The Czechoslovak reforms of the economy that began in 1966 were known as the New Economic Model. The changes in policy were an attempt to base production more on profitability and less on central planning. Restrictive plan targets were relaxed for cooperatives in 1966. Material incentives were offered to farmers on state and collective farms 2 years later. These policies had little effect on the agricultural sector, because the attempt at reform was halted in 1968 by the reversal of economic liberalization policies following the Soviet invasion of Czechoslovakia.

Due to Soviet intervention, limitations on the scope of decisionmaking allowed by farmers, as well as lack of capital investment and continuing attempts to increase farm size, further undermined agricultural production. From 1970 to 1978, the size of state farms increased 80 percent, and the average size of collective farms increased 280 percent (18). State and cooperative farms accounted for 95 percent of the arable land in Czechoslovakia by 1978 (14). In contrast, the agricultural land available to personal plots was gradually reduced from 1 hectare in 1970 to 0.2 hectare in 1978 (18). Annual growth rates in agricultural production (average of crop and animal) went down from an average of 2.6 percent during 1971-75 to -2.4 percent in 1976 (18). Until 1980, the Government's efforts to increase production continued to focus on increasing output on state and cooperative farms.

In the 1980's, a number of programs were designed to raise agricultural production in the nonsocialized sector of agriculture. The Government stated its intention to encourage private farm production in 1980. Three different measures were used to stimulate private production. First, each state and cooperative farmer was allocated a minimum of 0.5 hectare of land for personal use in 1981. Second, in hopes of mitigating meat shortages, private animal breeders became tax exempt in 1982. Finally, state agricultural prices were raised in 1984. The incentives positively influenced the availability of agricultural goods, but the specific effects were not measured. Results of the policies were not quantified because the programs had become obsolete by 1989, as Czechoslovakia began to make systemic economic reforms.

The Velvet Revolution of 1989, as the Czechoslovak break with the Communist system is called, signaled the end of a Communist Government and centrally planned economy and the beginning of a democracy aimed at forming a market economy. To resolve the issue of land confiscated during the collectivization period, the Czechoslovak Federal Assembly passed a

land reform law in late May 1991, known as the Law on the Revision of Ownership Relations to Land and Other Agricultural Property. This law applies to agricultural land and the property on it that was nationalized between February 25, 1948, and January 1, 1990.

An estimated 3.5 million former owners or heirs have a right to claim land. The amount of land that is to be returned is estimated at between 2.2 and 3.5 million hectares (23). Not all land held by collective and state farms (roughly 6.2 million hectares) will be returned because the maximum allowable size of a claim is 150 hectares, and some former owners' landholdings exceed this limit. The portion of their land that exceeds this limit will remain with the collective or state farm. Land parcels that have been built on, set aside for national defense, planted to perennial crops, or turned into mineral extraction areas, national parks, or memorials cannot be reclaimed; compensation will be paid for these areas. At the end of 1991, restitution claims for land numbered 70,012 in the Czech republic, 32,185 of which had already been settled (35). Only 1,120 of these settled claims involved more than 10 hectares of land. Eighty-five percent of the settled claims involved less than 2 hectares.

Although the land law aims at returning former owners' exact pieces of land, another important Czech and Slovak Federal Republic (CSFR) law affecting the transformation of agriculture, known as the Transformation Law, more clearly reveals the type of agricultural system the Government envisioned for the future in the CSFR. The Transformation Law mandates that all collective and state farms draw up a business plan to change their legal status to joint-stock company or voluntary cooperative of private owners (or other corporate structures). The Transformation Law does not require the liquidation of state and collective farms, merely the clarification of property rights in a defined legal fashion. Moreover, the intention of those working in agriculture in the Czech and Slovak republics to adopt private farming on their own has measured extremely low in 1991 and 1992. These agricultural workers overwhelmingly prefer to maintain their status as laborers in a large enterprise.

The historical pattern of land tenure in the Czech and Slovak republics shows that the transition from a feudal agricultural structure to a modern one with small and midsized farms and agricultural laborers on large commercial farms was successful before the collectivization period. Small, subsistence peasant farms were not the norm in pre-World War II Czechoslovakia, nor did substantial land hunger exist. The implications this pre-collectivization structure has for the

present transformation of Czech and Slovak agriculture are preference by the agricultural population for continuity in the functional structure of land use and the relative lack of disruption to production that resolving ownership questions generated. This was manifest in the Czech and Slovak republics in 1991-92 by the very low enthusiasm state and collective farmworkers showed for becoming private farmers on their reclaimed land. Of the potential 3.5 million individual land owners in the former CSFR who were enabled under the May 1991 land law to reclaim their former agricultural lands, only 180,000 had submitted the necessary papers by the end of 1992 (28).

Hungary

Beginning in the 16th century, most of Hungary's agricultural production occurred on large estates that employed many landless workers. This pattern was altered in the 20th century by several land reform programs aimed at reallocating the land into smaller farm operations.

Collectivization of agricultural land in Hungary occurred in two stages. The first attempt began in 1948, but was abandoned in 1953. The collectivization effort was started again in 1959, and continued throughout the 1960's. Attempting to privatize Hungary's collective farms today is challenging, because the second collectivization program, implemented relatively recently, was very successful.

Before World War I

Forces of the Ottoman Empire defeated Hungary in 1526, and then partitioned it between the Turks, who controlled the central part of Hungary, and the Hapsburgs, who controlled the western region. Eastern Hungary became the self-governing principality of Transylvania. With the Peace of Karlowitz in 1699, most of Hungary passed into Austrian control. Large Austrian estates became common in Hungary, and were most often farmed by Hungarian serfs who were officially liberated only in 1848. A year later, Hungary tried to liberate itself from Austrian control, but with the help of 120,000 Russian troops, Austria subverted the effort. Eventually, with the Compromise of 1867, a dual Austro-Hungarian monarchy was created that lasted until 1918.

The release of the serfs from the land in 1848 had little effect on the land distribution patterns in Hungary, which large estates continued to dominate. Liberated serfs either left agriculture or became contract laborers; they did not become a group of small-landholding

farmers. The need for land reallocation based on political and economic realities became recognized only in the late 19th century. The Minister of Agriculture, Daranyi, introduced two different land reform bills in 1903 and 1909, both of which detailed allowable farm sizes and allocation methods. Neither was passed by parliament; landed nobles dominated. However, Hungary did parcel some of its unused lands (fallow land owned both publicly and privately) to farmers with small plots and to the landless.

Although there was no legal obligation to reallocate lands, 2 million cadastral holds (official property allotments of 0.5755 hectare) were distributed from 1890 to 1914 (38). This reallocation did not solve Hungary's problem of large landholding concentration, but it did represent an expansion of small holdings by peasants. By 1913, farms with less than 60 hectares of land controlled 45 percent of the land area (38).

Between World War I and World War II

In 1919, after the defeat of the Austro-Hungarian Empire and its subsequent fall as one of the Central Powers, Hungary became independent and was ruled by a coalition of Communist and Social Democratic leaders. In 1920, a land reform measure condoned by the Communists and Social Democrats distributed 6.5 percent (604,000 hectares) of Hungary's arable land to 686,000 new proprietors (25). The land was acquired through land tax changes and was distributed almost exclusively to landless workers and entrepreneurs who wanted to construct small buildings. The reforms were aimed at redistribution of the large family holdings in the Great Danubian Plain (central and south central Hungary) and the weakening of the pre-war power structure. In the North, small personally held property was more common and existed along with a few large estates, church holdings, and communally held lands.

The Treaty of Trianon, signed in June 1920, legalized the new Hungarian boundaries, which meant the loss of three-fourths of Hungary's previous land area (mainly Transylvania and Slovakia) and two-thirds of its population to Romania, Czechoslovakia, and former Yugoslavia. No large-scale land reforms were attempted under the conservative government (led by Bethlen), which ruled Hungary for 10 years beginning in 1921. During the 1920's and 1930's, population pressure on land was relieved more by emigration than by any government land reallocation program.

When land distribution patterns were measured in 1930, small-farm operators who owned medium and large plots (which provided more than a subsistence

living) had jurisdiction over 48.1 percent of the arable land, undivided former feudal estates held 40.9 percent of the arable land, and the remainder was small subsistence plots and state lands (38). Tenancy was uncommon; more than 90 percent of the land was owned and farmed by its local proprietor, with assistance from hired labor. Although farms larger than 115 hectares covered 43.1 percent of the agricultural land, nonsubsistence, nonstate farmers controlled almost half of the country's agricultural land, representing a steady growth of the small-farm sector. In 1930, 60 landsharing cooperative groups made up of 6,867 peasant farmers managed plots that were too small to cultivate independently (38). By 1935, the State had a few farms in operation, most of which were used for stud production.

By the end of the 1930's, conflicts began arising over Hungary's attitude toward the rise of Nazism. In 1939, the Government forced the sale of all property owned by Jewish farmers. The military mobilization that began in 1940 absorbed much of the agricultural population. By the end of that year, the Government capped industrial wages and legally bound the remaining farm laborers to the land. Germany occupied Hungary for 11 months starting in March 1944.

Post-World War II

The German occupation ended in January 1945. Backed by the Soviet Union, the Hungarian Communist Party (HCP) led a coalition government with the Hungarian Independence Front and Social Democratic Party. Imre Nagy, the Minister of Agriculture under the new government, began an extensive land reform program in March 1945. More than 3 million hectares of agricultural land (34.8 percent of the total arable land in Hungary) was claimed from the owners of large estates (no specific maximum size was identified). Approximately 2 million hectares were distributed free of charge to 640,000 peasants (27). An additional 150,000 peasants received household plots of less than 3 hectares. The Government retained the remaining 600,000 hectares, and provided 2,000 tractors, 6,000 threshers, and 250,000 other small agricultural machines to the farmers who had received land allotments under the redistribution program (27).

The coalition government led by the HCP was voted out in February 1946, but the occupying forces of the Soviet Union ensured a degree of power to the HCP so that Imre Nagy's land distribution was carried out. This program resulted in the breakup of large farms and the dominance of mid-sized farms in Hungary. In 1935, farms larger than 115 hectares controlled 43.1 percent of the agricultural land; by 1947, this

percentage had fallen to 16.5 percent (38). By 1947, almost 40 percent of agricultural land was held by farms of 6 to 60 hectares and almost 60 percent by farms of 3 to 60 hectares.

Collectivization

Intimidation of other political parties by the HCP and the Soviet Union refocused power into the HCP's hands in 1947-48. The collectivization of Hungarian agriculture then officially began on August 13, 1948, with Decree 8,000 on Production Group Cooperatives. This decree supported collective field operations of any kind, although private farming was still allowed. The Agricultural Production Cooperatives (APC), which involved the joint cultivation of crops, began forming in the beginning of 1949. At the end of 1949, 1,367 APC's were operated by 36,405 members. Three years later, after the definitive consolidation of Communist power in Hungary, 369,203 members worked in 5,110 APC's. The amount of land farmed by the APC's had increased eightfold from 1949 to 1952 (1). A quarter of Hungarian farmers were collectivized in APC's by 1952.

In addition to the APC's, 500 state farms were operating by 1953; state and collective farms thus controlled more than 25 percent of Hungary's agricultural land. Collectivization of agriculture hampered post-World War II recovery of agricultural production. Collectivization also negatively affected farm output, because it was not instituted on a voluntary basis and it lowered the agricultural population's work incentives. The agricultural production index, set at 100 in 1938, had reached only 70 by 1952.

Reforms, Recollectivization, and Reform Again

In response to rural opposition to the formation of APC's, Imre Nagy temporarily halted collectivization in July 1953 and farmers were allowed to leave the APC's. Fifty-four percent of the farmers left the APC's almost immediately and took 400,000 hectares back into private production with them (1). A new collectivization effort began in 1955, but was halted less than a year later as rural opposition claimed more authority because of the 1956 Hungarian revolution. Only 700 APC's remained by the end of 1956.

In the mid-1950's, Hungary's agricultural system was almost as uncollectivized as those in both Poland and former Yugoslavia. However, after the reprieve due to the 1956 uprising in Hungary, collectivization was soon reimposed. In January 1959, compulsory collectivization through forced government seizure of land began. By the end of 1960, cooperative farms

numbered 4,643, with the socialized sector owning 71 percent of the arable surface and controlling more than 90 percent. Throughout the rest of the 1960's, Hungary attempted to merge its cooperatives into larger consolidated agricultural production centers.

In the late 1960's and throughout the 1970's, laws were passed to encourage limited private production. A 1967 law was passed to provide cooperative members with half a hectare of land for personal use. In addition, workers were allowed to rent land not currently used for cooperative cultivation.

Under Janos Kadar in 1968, the New Economic Mechanism was begun to move Hungary's economy away from strict central planning. The release of most set agricultural prices had the most significant effect on farmers. The increase in prices helped the agricultural sector of Hungary, which had been a net importer of agricultural products in the mid-1960's, to become a net exporter by the end of the decade (32).

In 1975, the Central Committee of the Hungarian Socialist Workers Party declared small-scale nonsocialized agricultural production to be socially useful. There were three types of private agricultural production in Hungary at that time. The first type included the small plots located in cooperatives. The second type were very small peasant farms, generally found in the mountains, that were not significant enough to warrant regulation. The third type were called auxiliary farms. These were small to medium privately owned farms, with government-directed restrictions on production. Additional decrees to support the goals of the 1975 declaration included 1977 and 1984 provisions to facilitate the rental of cooperative land for private cultivation. In the early 1980's, former land owners received nominal compensation from cooperative farms for confiscated lands. In addition, the practice by which cooperative farms paid rent to private land owners for use of their lands became more widespread.

Throughout the 1980's, Hungary continued to pursue decentralizing economic policies that allowed a greater role to private and voluntarily cooperative (as opposed to collective) small enterprises. At that time, agriculture outside state and collective farms accounted for almost 40 percent of gross agricultural production. However, a gradual movement away from centrally planned economic policies did not include the relinquishing of power by the Hungarian Socialist Workers Party (the governing party and descendant of the Hungarian Communist Party).

Only following the momentous change in Hungary's leadership in 1988-89 did Hungary make the political break with Communism that would strengthen its evolution toward a truly market-oriented economy. During the campaign for the 1990 elections, intense debate over the redistribution of land to private holdings took place. Later in 1990, the Constitutional Court of Hungary ruled that agricultural land could not be treated differently than other assets being considered for compensation. Finally, the April 1991 Compensation Act accomplished the detailed resolution of land ownership issues. The reallocation of land and compensation to former owners became an important issue in Hungary because of the large-scale collectivization of just three decades ago. Many direct descendants of former land owners were receiving compensation for land confiscated during the Communist era.

The specific provisions of the compensation act stipulate that former owners (or their descendants) of assets confiscated after 1948 are entitled to compensation for the value of these assets in the form of government-issued compensation vouchers. No property is to be handed back to former owners in its original form. In this way, the Hungarian Government has purposefully decided against reprivatization, or the return of assets, to avoid the legal stalemate over current and future property rights that an extended reprivatization period would generate. Former property owners can use their compensation vouchers to bid on purchasing back their original assets, if these assets are put up for sale. This is expected to occur for some well-demarcated pieces of agricultural land. The main reason behind the acceptability of the compensation act to former rural property owners is that the Hungarian land-tenure system was fairly modern before the Communist era. That is, the land reforms of the first half of the 20th century had largely satisfied the land hunger of small-farm operators.

Poland

An examination of historical land tenure patterns in Poland is complicated by its ever-changing boundaries. After a series of partitions by Prussia, Russia, and Austria in the late 18th century, the Polish-Lithuanian Commonwealth ceased to exist. Over the next 130 years, Polish tenure patterns reflected those of its partitioners in their respective regions. In 1918, Poland was reestablished as an independent state; its borders were increased in the east and slightly in the west, measured relative to borders of the Crown lands

of the former Commonwealth. Border changes after World War II shifted Poland 150 miles to the west by ceding an eastern strip to Belarus and Ukraine (then the USSR) and gaining lands from eastern Germany in the west. The acquisition of lands formerly under foreign control gave Polish Governments a large degree of freedom in changing land tenure in these acquired German lands.

As is true in all CEE countries, Poland's history influenced its landownership traditions. Both Russia and Germany affected Polish landholding patterns in the regions of Poland that they controlled from the 1770's to 1918. When Poland was reunified as a republic after World War I, land reform initiatives and agrarian policy changes were implemented countrywide, not only on a regional basis.

Communist attempts to socialize Polish agriculture after World War II were unsuccessful, except for the creation of many state farms on former German lands in western Poland. Collective farms never included much of the country's productive land. Even at their peak, state and collective farms had jurisdiction of only a quarter of the arable land. Thus, the largely private landholding pattern prominent in Poland before World War II has continued through to the present, having profound effects on the structure of Polish agriculture.

Before World War I

The Polish-Lithuanian Commonwealth lost its independence in three successive partitions in 1772, 1793, and 1795 to Prussia, Russia, and Austria. A fragment Congress Kingdom of Poland was briefly revived in 1815, but was absorbed by Russia in 1832 after a Polish uprising against Russia. This part of Poland remained under Russia until after World War I, just as the areas occupied by Prussia and Austria were not regained by Poland until 1918. Because of the partitioning powers' divergent influences, the historical landownership patterns were not uniform throughout Poland.

Russian landholding patterns had the most influence in eastern Poland. Polish magnate or gentry-owned estates were farmed by peasants. For their labor, peasants were paid a small cash wage and provided with a small plot for family use. Some peasants were also provided with pastureland to raise one or two cows. Other estates paid their workers half in cash and half by allocating a small percentage of the crop to the laborer. Serfdom was abolished in eastern Poland in 1861 (as it was in Russia) and peasants were made owners of the small family plots they farmed.

In what is now western and central Poland, Prussia was the partitioning power. Serfdom was abolished in these areas in 1829. Serfs were required to pay compensation to landlords, to obtain freedom from the estate. The German landlords in these areas employed agricultural workers on a contract wage basis. The estates provided housing and access to small land plots for personal use to supplement the cash salaries they paid. Small private plots owned by peasants were less common in western than in eastern Poland, although after 1850, small tenant farmers began to emerge (19). Following Germanic traditions, the principle of primogeniture, which gives exclusive rights of inheritance to the eldest son, was followed in western Poland. The peasant's farmland was not split equally into smaller parcels to be distributed among all heirs, but bequeathed to one family member. Primogeniture thus caused little fragmentation of peasant plots. Compensation through cash payments was made to the heirs not receiving land.

In the southeastern part of Poland (known as Galicia), Austria was the partitioning power. Here, the Polish magnates and gentry managed large estates using serf labor. After the serfs were emancipated in 1848, the Polish gentry controlled the land mainly through tenant farming. Private peasant landholdings became common in Galicia, but were usually smaller than those in the areas of Poland under Russian and Prussian rule. These independent proprietors most often divided and willed equally the apportioned land to their heirs. This resulted in the proliferation of small subsistence plots in southeastern Poland.

Throughout Poland, there was an uneven, bimodal distribution of land (25). Large estates were the dominant tenure through World War II, while in general, peasant holdings were diminutive. Most peasant holdings provided little more than a subsistence living.

Between World War I and World War II

Poland regained its independence following the Versailles Treaty of November 1918. The new Polish Government began implementing agrarian reforms in 1925, but the reforms were semivoluntary, as the state did not actively enforce the reforms. The maximum size of holdings by individuals and corporations was set at between 60 and 300 hectares, depending on the number of owners and land location and quality (25). The State provided compensation with cash and state bonds. Some large estate owners chose to participate in the reform to take advantage of the compensation package. Some landless received plots of 10 to 30 hectares free of charge.

In the early 1930's, the State added stipulations to the contracts of peasants and farmers who acquired newly redistributed land to prevent extreme subdivision of plots. The newly allotted farms were inalienable, indivisible, and nonmortgageable until all the peasants' loans were paid to the State and the division or resale of the farm was approved by the Government.

From 1919 to 1938, about 2.7 million hectares were parceled out to small-farm operators under land reform programs. This parceled land totaled 19.5 percent of the land in farms with 100 hectares or more (as measured by the 1921 land census). Of this 2.7 million, 1.5 million hectares were used to create 160,000 new farms averaging 9 hectares each, and another 1 million hectares were distributed to 500,000 farmers who began with less than 5 hectares each (the so-called dwarf farms) (25). These dwarf farms were thereby brought up to 5 hectares, which at the time was considered the minimum size for a farmer to maintain a reasonable standard of living. Nevertheless, the tendency to subdivide family farms wiped out these gains on a countrywide basis, and in 1939, the number of dwarf farms again, as in 1921, surpassed the 2 million mark (25). More than 60 percent of all farms still had less than 5 hectares. Thus, it is widely acknowledged that the Polish Government's agrarian reform efforts did not abolish large estates or solve the problem of small-farm subdivision (19).

Post-World War II

The Germans and the Soviets occupied Poland in World War II, followed by the Soviet takeover at the end of the war. The Soviet Union forced Poland to become a Socialist state, and changed Poland's borders to exclude an eastern 150-mile swath and to include more than 25 percent of pre-World War I Germany.

Despite Communist control of Poland, the first agricultural reforms following the war, implemented in early 1946, were based on private ownership and not collectivization. Four million hectares of land claimed from German owners, acquired from new territory, and restored from its fallow state were distributed free of charge to landless farmers and owners of small farms. In the mid-1940's, farmland taxes were low, and farmers received favorable prices for their goods. These conditions were altered radically by the policy change in the late 1940's.

By the end of the decade, policies were pursued to encourage the collectivization of Polish farms into producers' cooperatives. As well as raising land taxes,

mandatory quotas were enforced that paid farms only 20 to 25 percent of the free market price (19). Despite these policies, only 4 percent of the land was collectivized in Poland by 1951 (25). With harsher enforcement of delivery quotas and higher land taxes, 12 percent of the land was collectivized by 1955 (36).

Reforms

Poland experienced a series of strikes and political uprisings in 1956 that led to change in its leadership. When Wladyslaw Gomulka came to power, he abandoned the push toward agricultural collectivization and, in October 1956, gave the Polish peasants the right to leave their collectives and return to private farming. Agricultural circles, a modified form of cooperatives, continued to form through the 1950's. These organizations only involved joint purchase and use of farm equipment.

More specific reforms were pursued in January 1957. The New Agrarian Policy included five components. First, compulsory deliveries farmers made to the State were drastically reduced. Second, the State doubled the price it paid for most agricultural products. Third, land taxes and taxes on privately marketed produce were reduced. Fourth, the Polish Government affirmed its commitment to the private ownership of land. Last, the State promised technological help for private farmers, in addition to the assistance it already provided to farmers on cooperatives.

In the 1960's, the Government started to focus on the need for land consolidation, as the number of diminutive plots was increasing (26). The directives on land concentration provided pensions for older farmers who agreed to surrender their land to the Government and forced the state purchase of neglected land from its owners. The acquired land was allocated to currently operating collective farms.

After a spontaneous outbreak of protests by workers over increased food prices shortly before Christmas 1970, Edward Gierek replaced Gomulka as First Secretary of the Communist Party in Poland. Gierek issued a number of policies in 1971 aimed at increasing profitability on private farms. More emphasis was placed on supplying private farmers with fertilizers and pesticides (though this was tied to sales of output to the State). Private farmers also began to receive benefits such as being permitted to participate in the National Health Insurance program previously accessible only to members of socialized farms. Most significantly, beginning in January 1972, compulsory delivery quotas were abolished.

Despite the increased interest in private farming, investments of land and capital were skewed to the socialized farms. The implementation of laws concerning the surrender of land for pensions and the acquisition of neglected land from its owners removed 1.1 million hectares of land from private ownership between 1971 and 1975 (26). Investments in 1974 in socialized farms amounted to 20.48 billion zlotys (about \$1 billion), while 21.48 billion zlotys (about \$1.1 billion) were invested in private farms, although the private agricultural sector controlled almost four times as much land as did the socialized farms (26).

In 1977, Gierek introduced the so-called New Agricultural Policy. The components of this policy were aimed entirely at the private sector. By encouraging private farmers to increase the size of their plots and by boosting the percentage share of agricultural output bought by the State, the Government hoped to increase efficiency and expand production in the private agricultural sector.

The policies did not, however, increase the size or productive capacity of Poland's private farms. From 1960 to 1979, the amount of arable land cultivated privately dropped 20 percent (33). The share of private agricultural production in crops dropped from 85 to 73 percent and in livestock from 90 to 75 percent. These decreases can be attributed partly to the uneven policies related to private farms, lack of rural credit, weak rural infrastructure, the tax structure, pricing policies, poor access to inputs, and other policies that favored state and collective farms.

Despite the decrease in private farm production, Poland still had one of the least collectivized agricultural systems in Central and Eastern Europe. In 1986, 76.5 percent of the land (including pastures) was in private farms (26). Thus, Poland's conversion to democracy and market capitalism in 1989 failed to address the issue of privatization of large farms as did the governments of other CEE countries. In Poland, the main issue is land consolidation.

Because nonagricultural employment accounts for about 73 percent of the national workforce, and 90 percent of industrial establishments belong to the State, the privatization of state and cooperative farmland (about 20 percent of the arable land) is a secondary focus of the current Polish reforms. Nevertheless, the historical presence of large Junker estates and their conversion in the Communist period into state farms have created a severe agricultural adjustment problem in western Poland. Once highly

subsidized through easy credit, state farms now face bankruptcy and dissolution. Privatization of state farms is progressing very slowly under the Polish Agricultural Property Agency and will take years to be resolved and to return agriculture in western Poland to a healthy state.

However, the historical legacy has been positive on the whole. The abolition of feudal land tenure patterns more than 150 years ago in the areas that now constitute Poland, and the land reforms of the 1920's and 1930's, have enabled Poland to build an agricultural system based firmly on widespread private land ownership. The present challenge is to consolidate small farms into economically viable commercial farms. Clearly, many small-farm operators will have to sell their land to larger farmers and leave agriculture, thereby contributing to increased productivity of labor, capital, and land.

In addition, privatization of agriculturally based industries, such as food processing, will have a direct influence on the efficiency of the food marketing subsector in agriculture. Privatized food industries may affect landownership patterns by raising both quality standards for raw agricultural products and pressure for farmers to modernize their storage and marketing infrastructure, forcing less efficient farmers to sell out. Modernization may thereby cause land consolidation.

Romania

The history of land tenure in Romania before the 20th century was characterized by a few enormous estates passed through hereditary lines, and many very small plots owned by peasants. Until 1918, diverse landholding patterns prevailed in separate regions of Romania. Romania was united in 1918, when Transylvania, Bessarabia, and Bukovina joined the Old Kingdom of Moldavia and Wallachia. Land reform following each of the world wars was partially successful in establishing small and mid-sized farms owned by former peasants and agricultural workers, but these farms never dominated Romanian agriculture. As a result, many agricultural families whose grandfathers and fathers were landless peasants, and later state and collective farmworkers, still aspire to control their own small farms. This hunger for land figured prominently in the recent decision to disband state and collective farms, reconstitute land to former owners, and grant land to families who were landless before collectivization.

Before World War I

Moldavia and Wallachia were united in 1864 to form the Old Kingdom of Romania. The prince of the Old Kingdom, Alexander Cuza, abolished the obligatory work of peasants at the time of unification. Despite their legal emancipation, the peasants were still economically tied to their former landlords. This financial dependence mitigated Cuza's attempts to curtail the land owners' power.

Many small peasant holdings, along with a few massive estates, existed in Transylvania before its incorporation into Romania in 1919. Until 1907, peasants could not purchase land, but were only allowed to rent additional property from their landlord to supplement their small plots. In addition to large private estates in Transylvania, communities and churches had control over communal lands.

The peasants of Bukovina were released from serfdom in 1841 by their Austrian rulers. The peasants were not independent from the land owners, however, because very few could afford to purchase land. The majority of peasants who borrowed money to buy land lost their property because of unaffordable interest rates charged by money lenders.

Bessarabia received its freedom from Russia in 1907. Until that time, Bessarabia's landholding patterns were similar to those of Bukovina's, that is, having few independent small-farm operators. In addition, there were also jointly cultivated communal holdings. The size of holdings varied, with the larger communal areas found in the north. Churches owned and farmed some of the smaller collectively farmed lands in the south. Throughout Bessarabia, towns often had jurisdiction over the communal lands.

Between World War I and World War II

In 1918, the four regions of the Old Kingdom, Transylvania, Bessarabia, and Bukovina were united to form Romania. The newly united country began a land reform process almost immediately after unification. The close geographical proximity of the revolutionary movement in Russia made Romanian agrarian reforms a virtual necessity to ensure social stability (36). The reform effort attempted to abolish all remaining forms of feudal tenure, instead establishing and maintaining peasant proprietorship throughout Romania. Each of the regions developed and administered their own land redistribution programs.

Attempts were made to redistribute estate lands in the Old Kingdom that were owned by a single proprietor,

contained more than 100 hectares of cultivable land, and contained more than 500 hectares of total land. Compensation to the owner was provided at 40 times the annual rent charged in 1916, half payable by the Government and half payable by the peasant on a long-term basis. The small plots were distributed to different groups, prioritized in the following order: World War I veterans, war widows, landless cultivators, farmers with less than 0.5 hectare of arable land, agriculture school graduates, priests, and teachers.

Transylvania attempted a less ambitious redistribution plan filled with exemptions for individual groups. Only non-Romanians faced redistribution of their lands without exception. Romanian land owners of farms larger than 500 hectares, church holdings, and communal lands were subject to redistribution but managed largely to avoid having their lands redistributed. Land that the Government acquired was transferred in plots of 0.2 hectare to local peasants and war veterans for a slight commission.

In the former Russian region of Bessarabia, radical land reform policies were pursued. The following forms of property ownership were fully expropriated: former Russian state lands, crown and church domains, land owned by non-Romanians, land rented out for more than 5 years, land owned by towns, and parcels of land with more than 100 hectares owned by a single proprietor. The Government provided a fourth of the compensation, with the remainder of the payments covered by the new owner over an extended period. In Bessarabia, the preferences for those selected to receive land were based on potential productivity and not on concerns about rewards for World War I military service as in the Old Kingdom and Transylvania. Those who had 6- to 8-hectare holdings, resident peasants on divided estates, and graduates of agricultural schools received different-sized apportionments of land depending on their individual circumstances.

As in Bessarabia, policies of radical reform aimed at increasing cultivation were also pursued in Bukovina. Foreigners, absentee owners, convicted criminals who had lost their civil rights, priests on mortmain (church) estates, owners of land not farmed for 9 years, and owners of plots larger than 250 hectares all had their land expropriated. For a small fee, the land was allocated to different groups based on their productive capacity. Peasants with 4 to 8 hectares were allocated plots of land. Four other groups were imparted land as well, listed here in descending preferential order: the landless, those who held less than four hectares, village priests, and rural schools.

Some of the policies and results of the regional reforms discussed above were felt throughout Romania. All expropriated forests and unproductive land became state property. Use of employed labor was not common in any of the regions. The 1918 land reform program was moderately successful and affected 21 percent of all land. Before the land reforms, 40 percent of landholdings in Romania were larger than 100 hectares; after the reform, the share of large landholdings in Romania was reduced to 10 percent (25).

In the interwar period, the preponderance of the Romanian populace were peasants who desired more drastic land reform policies, even though these policies promoted land fragmentation. Land was often evenly divided between peasants' heirs, resulting in tiny parcels of land that were difficult to cultivate efficiently. Further property tenure reforms would have affected most of the population in Romania because 75 percent of Romania's citizens were employed in farming (38).

The conservative party, supported mainly by wealthier land owners, fell out of favor by the early 1920's, so the National Liberal Party came to power in 1922 with promises of further land distribution. However, between the mid-1920's and 1940, there were no major land reform efforts in Romania. Yet, by 1941, almost half (47 percent) of the arable property was on farms of from 5 to 50 hectares (32). The rest of the farmland was on large estates (19 percent) and farms of less than 5 hectares (34 percent), with many of the latter being too small to produce a marketable surplus (38). After World War II, the Communists became a popular party because they were calling the loudest for land reform.

Under Communist Rule

Before Romania became a Communist state, party leaders with influence in the agriculture department initiated a decree on March 22, 1945, expropriating all classes of land larger than 60 hectares. Citizens of Romania who had land confiscated were promised a small recompense from the State. Land was taken without compensation from: German peasants, war criminals, absentee owners, owners of uncultivated land, and owners of forests larger than 50 hectares. Only a third of proprietors' land with more than 100 hectares was expropriated, and all of the property remained in the Government's hands. The agrarian reform effort of 1945 is seen as propaganda the Communists used to gain power in post-World War II Romania.

In November 1946, the Communists won a victory in a joint election, and a year later forced King Michael to abdicate the throne. In 1948, the People's Republic of Romania was formed. The collectivization of agriculture started in early 1949, when a number of cooperatives were formed in western Romania. By July 1949, Romanian peasants were being forced to join Soviet-style collective farms. Those who refused had to make compulsory deliveries to the State at prices so low most farmers were unable to continue private production.

Collectivization was virtually complete in 1962, although there was further amalgamation of collective farms into multivillage cooperatives throughout the 1960's. In 1970, the State controlled 91 percent of the agricultural land (38). The lands that remained out of state and collective farms' hands were primarily mountainous and deemed unsuitable for extensive production, but were significantly more productive than state and collective farms. For example, 50 percent of all potatoes, fruit, milk, and eggs in Romania were produced on the small portion of personally owned land (38). The Government recognized the productive capacity of the private plots and allowed a few local farmers' markets to operate.

Permitting small-town and city markets and providing pension credits to collective farmers for increases in production helped boost Romania's agricultural output in the 1970's. Gross agricultural output increased by 67 percent between 1970 and 1978 (32). Between 1976 and 1979, however, production increases began to slow. Romania then began a price liberalization program aimed at benefiting small private producers and state farmers who sold portions of their private plot production in local markets. (When collectivization was introduced, farmers on state and collective farms had been allocated 0.125 hectare per individual, or 0.3 hectare per family for personal use, and the right to market some output privately.) In 1980, 42 percent of agricultural output in Romania was produced on small private farms and tiny household plots (32). The percentage of Romanian production on private farms with less than 3 hectares (not including personal plots on state or collective farms) increased from 9 percent in 1975 to 18 percent in 1981 (13).

The Romanian Communist Party leader Nicolae Ceausescu pursued a strict austerity program in the 1980's to pay back foreign debts accumulated from industrialization projects of the previous decade. Agricultural exports were relied on extensively to fulfill his aim of paying back Romania's hard currency debt but resulted in food shortages and rationing by

the mid-1980's. In 1988, Ceausescu began a scheme he hoped would increase production. This "grand program" was aimed at razing half of Romania's small towns and moving the people into large agro-industrial centers by the turn of the century. Ceausescu's policies were halted when the Romanian people brought down the entire regime in December 1989.

Reforms

Since early 1990, successive Romanian governments have supported and passed legislation that mandates the restitution of land previously confiscated by the State or forcibly collectivized to former owners or their descendants. Little consideration was paid to financial compensation for these former owners (as in Hungary) instead of returning land to them. As a result, the way was cleared for the effective dismantling of the state and collective farm system. Although this affected agricultural output, the restitution was a political decision aimed at gaining the support of the majority of the rural population, which has long hoped to acquire a private farm and leave the socialized agricultural sector.

As in Albania and Bulgaria, Romania is only now experiencing a widely dispersed land tenure pattern, which the past dominance of large farms had prevented. Like Poland, Romania will face the problems of excessive miniaturization that restitution has created. The challenge is to consolidate agricultural holdings and create viable commercial farms.

Former Yugoslavia

A great variety of landownership patterns were present in the areas that formed Yugoslavia before unification in 1918. The different ruling empires left distinct ownership patterns. After unification, land reforms were enforced countrywide, although certain regions specified local exceptions. Unlike in other CEE countries, except Poland, the socialization of agriculture in former Yugoslavia after World War II did not result in large public ownership of agricultural land. Reprivatization of public farms is therefore not a major concern for the former Yugoslav republics.

Before World War I

In Serbia, small peasant proprietorships as well as town and familial holdings were common until the Ottoman rule, which began in 1389. The Turkish confiscated all the communal lands, but allowed some peasant proprietors. During the Ottoman rule, there were a few large estates worked mainly by tenant

farmers who depended economically on their landlords. With the collapse of Turkish rule in 1878, peasants who worked on and lived near the former Turkish estates scrambled to claim the land without any rules to govern the redistribution. The confusion caused by the spontaneous claims to land was particularly acute in Macedonia. A few local Serbian nobles claimed jurisdiction over some of the farmlands, but, in general, peasants who had previously worked the estates (now independent from their former landlords) were able to continue to farm the land and establish a small-farm tenure system.

Montenegro was never under Turkish or Austrian control. Most commonly, kinship groups owned and jointly cultivated farmland in Montenegro.

Voivodina was under Hungarian rule in the Austro-Hungarian Empire. In Voivodina, laborers or tenants farmed large estates. Feudal estates that used serf labor were abolished in Voivodina in the early 1800's, but large estates remained and were farmed by laborers who relied on their landlord for financial support.

In Slovenia, estates (as well as peasant farms) were historically larger than in the other future Yugoslav territories. People of the Slovenian region tended to limit the land inheritance to the oldest son, a tradition that maintained the size of family holdings between successive generations. Slovenia was ruled by foreigners beginning in the 8th century, first, under Frankish rule, followed by rule of the Austrian Hapsburgs. Under Austrian rule, nobles loyal to the Hapsburgs controlled very large estates in Slovenia. Serf labor was abolished in 1900, although most peasants stayed and continued working on the same farms.

In Croatia, rule by the Austrian Empire before the late 15th century allowed for more autonomy than it did in Slovenia. From the late 15th century until 1718, the Turkish had claim to Croatia, but this rule did not yield any longstanding influence. By 1718, the Hapsburgs of Austria again ruled Croatia. Local rule was tolerated by the Austrians and was officially condoned in 1867 when Croatia became an autonomous land of the Austro-Hungarian Empire. Established by the original Austrian rule, feudal tenures were the most common form of land ownership in Croatia. Peasants were the proprietors of a few small holdings, but most peasants were landless workers for a small class of Croatian nobles. In comparison with the other Yugoslav states, the remnants of feudal tenures lasted the longest in Croatia, where the largest estate holdings were found on the Dalmatian Coast.

The Ottoman Empire ruled Bosnia-Herzegovina from the 15th to the late 19th centuries. Many in the region converted to the Moslem religion during the Ottoman rule. The large farms set up under Turkish rule remained even after Austria took control of Bosnia-Herzegovina in 1878. The peasants who farmed the land under the Turkish landlords generally continued to cultivate the same plots, although they were now under the jurisdiction of Austrian nobility.

Thus, before World War I, Serbia was more small-farm oriented in terms of agricultural tenure, with Voivodina more oriented toward wage labor, and Slovenia, Croatia, and Bosnia-Herzegovina dominated by feudal or neofeudal tenures.

Between World War I and World War II

The Kingdom of the Serbs, Croats, and Slovenes was formed in December 1918, ruled by Prince Alexander of Serbia. The country's name was changed to Yugoslavia in 1929. In 1919, land reforms were started countrywide but were administered by the local regions. Most of the regions issued decrees concerning land reform. These changes were officially approved in Belgrade by June 1921.

Serbia and Montenegro did not change their regional land laws during the 1919 reforms that affected the rest of former Yugoslavia. Peasant proprietors owned most of the farms in Serbia by the time of the 1919 reforms. After the Turks had left Serbia, most forms of feudal tenure disappeared, and no formal decree on land was needed. In Montenegro, the communal ownership continued to prevail.

In Voivodina, Germans and Hungarians owned many estates. Estates of more than 100 acres, regardless of the owner's nationality, were divided and distributed free of charge to war volunteers. Those who received land plots were allowed to rent their small farms, but further subletting was forbidden. The land was inherited by the owner's sons and subdivided equally. In addition to private ownership, communal ownership was allowed but was rare. After the 1919 reforms, few tenant farmers remained in Voivodina. Hired labor was more common, especially on the vineyards of Dunavska. During the 1919 reforms, 193,300 hectares were distributed to 111,100 families (6).

Feudal ownership had been abolished in Slovenia by 1900. Estates larger than 100 hectares were subdivided and redistributed without charge to peasants, with preference to war veterans. Most often the land was entailed to only one heir, so the pattern of land

subdivision among heirs was not common in Slovenia. As a result of the 1919 reforms, more than 16,000 hectares were distributed to more than 15,000 families (6).

The practice of subdividing and distributing farms larger than 100 hectares was followed in Croatia. In the Croatia-Slavonia area, 150,300 hectares were distributed to 111,100 peasant families (38). More specific reform measures were taken on the Dalmatian Coast to increase the number of small holdings of less than 10 hectares. Longstanding tenants on the subdivided estates were given 10 hectares of land to farm. Lower priority recipients of land allotments were other landless workers, although in certain cases, they also received cultivable areas. The land was subdivided among heirs. Some inheritors opted to sell the land to a sibling to keep the familial lands undivided. Communal pastures under the jurisdiction of family groups were also created during the 1919 land reform. On the Dalmatian Coast, 50,000 hectares were redistributed to more than 97,000 peasant families (38).

The reform in Macedonia was also aimed at the redistribution of farmlands that were larger than 100 hectares. This reallocation of land principally affected the Moslem feudal tenures formed under Ottoman rule. In Macedonia, 327,000 hectares were redistributed to 34,400 families (38).

Bosnia-Herzegovina underwent a radical land reform. Large Moslem estates were prevalent, and peasants were allocated portions of the large estates where they resided if their families had been farming there for at least a generation. During reforms, 885,900 hectares were redistributed to 166,200 families (38).

The 1919 reform policies were pursued through 1934. In former Yugoslavia, 1,623,300 hectares were redistributed to 535,600 families. An average peasant household at that time was considered to be 5.3 persons, thus 2.85 million persons benefited from the redistribution.

In 1931, much of the Yugoslav land was held in lots of more than 5 hectares, although most of the country's farms were smaller. The largest number of holdings (34 percent) and more than 20 percent of the land area were held on lots of 2-5 hectares in size. More than 30 percent of the farms were smaller than 2 hectares. However, most of the land area (72 percent) of former Yugoslavia was in holdings of more than 5 hectares. The land was most often owned by those who farmed it; 95 percent of the land was used by the owners, and the remainder was leased (38).

The General Cooperative Union set the precedent for the later collectivization of Yugoslav farms in 1925. This precedent united regional cooperative laws in former Yugoslavia, gave peasants who organized themselves into cooperative farms cheap credit to obtain new sources of water, new capital equipment, and better breeding stock, and provided assistance for the sale and renting of peasants' farms.

Post-World War II

After suffering internal struggles and the occupation of German troops, former Yugoslavia was united in 1945, with Josip Broz Tito as Premier. The new government used land reform policies to pander to the divided groups within the country. The Government encouraged the private ownership of very small farms, and the subdivision of land between generations, although many small land owners were already heavily in debt because the size of the holdings was too small to be economical.

Kinship communal pasture was also condoned. The Yugoslav Government announced that all large land properties that survived the 1919-34 land reform were to be redistributed. One million hectares of land were confiscated from private owners and institutions (38). A state-controlled land fund was established to hold and redistribute this land to peasants and to newly developed state farms, although most of the land remained in the private sector. Farms larger than 35 hectares were subdivided. Little compensation was provided to the previous owners, and the land was given to peasants without concern for economic viability, with war veterans receiving the most valuable plots.

Collectivization

The attempts to collectivize Yugoslav farms began gradually, even though the industrial sector was given over to state control as early as 1946. At that time, the State encouraged the joint collectivization of farms with tax breaks that were included in the July 1946 Law on Cooperatives. Through 1948, peasants were encouraged, not forced, to work in cooperatives.

Compulsory collectivization began in 1949 with the Federal Law on Agricultural Cooperatives. This established four types of cooperatives. Three were variants of jointly cultivated, privately owned cooperatives. The fourth type was known as an *artel*, which was a jointly cultivated state farm.

By the end of 1950, more than half of the agricultural land was in the cooperative system, though most was

still not owned by the State. Only 5 percent of the cooperatives were *artels* (state-owned) (38). Forced collectivization was halted in 1952, and some of the land in the private cooperatives reverted to personal cultivation with the agreement of participating cooperative members.

Reforms

Former Yugoslavia emphasized agricultural mechanization beginning in the 1960's. Peasants were given credit to purchase individually owned farm machinery. The Government hoped that by mechanizing farms, it would increase personal income and expenditures to stimulate economic growth. The ability to purchase and own farm equipment encouraged further division of the private cooperatives into privately farmed plots. Small private plots became the predominant holding by 1965 (5).

The private purchase and sale of land was common throughout the 1970's. The restriction on the amount an individual farmer could own was set at 10 hectares. A free market for agricultural products continued to exist, and even state farms were forced to place more emphasis on profitability. In 1984, private farmers controlled 83 percent of the tilled land and 84 percent of the livestock, and produced 72 percent of the agricultural output that entered the marketplace (38). In 1987, 84 percent of the land in former Yugoslavia was privately owned (5). Because most agricultural production was in private hands by the time of the Socialist Government's collapse in December 1988, the privatization of agricultural land is not a major issue in the former Yugoslav republics.

Conclusions

Land tenure in Central and Eastern Europe has evolved from centuries of various feudal and communal patterns to widespread private ownership at the beginning of the 20th century, and then to the collective and state farms of the Communist era. This study has divided the countries into two groups on the basis of whether or not modern, commercial agricultural tenure was well developed before collectivization or was imposed in the Communist period. During the first 40 years of the 20th century, land reform programs made midsized farms (between 5 and 50 hectares) predominant in most of the CEE countries.

The general pattern has been identified that in Poland, Hungary, the Czech and Slovak Republics, and former Yugoslavia, feudal tenure was transformed into modern agricultural tenure (with both large farms

using contract labor and widespread small and mid-sized individual farms) earlier than in Albania, Bulgaria, and Romania. In the first group of countries, this earlier modernization meant a longer period of widespread peasant and small and mid-sized farm ownership, and has largely satisfied the rural population's aspirations to landownership.

The political pressure for further privatization of agricultural land and/or breakup of state and collective farms in Poland, Hungary, the Czech and Slovak Republics, and former Yugoslavia was correspondingly low, compared with that in Albania, Bulgaria, and Romania. In the second group of countries, the rural population's hunger for land was never satisfied, and manifests itself today as rural political pressure for land reprivatization and the definitive breakup of state and collective farms.

Land reform legislation in CEE countries usually takes the form of land ownership prior to collectivization as the norm for evaluating current claims to land. The table below summarizes the available data on precollectivization land structure. In no country did farms of larger than 50 hectares control more than 50 percent of the agricultural land (though this is not possible to verify exactly for Albania), and in most countries large farms controlled 20 percent or less. In Bulgaria and former Yugoslavia, farms of at least 50 hectares dominated less than 10 percent of the land. Mid-sized farms of between 5 and 50 hectares

controlled 38-63 percent of agricultural land in all CEE countries, and thus were the dominant tenure size. In all of the CEE countries, small farms of less than 5 hectares accounted for 15-35 percent of agricultural land before World War II.

Land reforms in the period immediately after World War II were aimed largely at placating political parties on the left. The reforms reduced the average size of landholdings by distributing large holdings to landless and other rural residents in very small parcels. These distributions and the subdivision of family farms increased the share of agricultural lands in small farms and made more farmers less able to produce even enough for their own families' sustenance. This is an important consideration when evaluating the new laws on land restitution being promulgated in the CEE countries. Many land restitutions will involve pieces of land too small to constitute viable farms. Economically viable mid-sized farms will emerge as the dominant type only after a long process of land conglomeration through markets for land and truly voluntary land cooperatives (as opposed to the forced collectives of the past). The pursuit of land reprivatization to those who will control plots of 5 hectares or less will be more pronounced in Albania, Bulgaria, and Romania than in other CEE countries. Without adequate measures to consolidate land ownership or to form voluntary production cooperatives, land reprivatization will impede the evolution of commercial agriculture.

CEE land distribution before collectivization: Share of agricultural land by size of farm

| Country | Subsistence peasant and small farms, <5 hectares | Mid-sized farms, >5 and <50 hectares | Large farms and landlords, >50 hectares |
|------------------------------|--|--------------------------------------|---|
| <i>Percent</i> | | | |
| Bulgaria (1946) ¹ | 35 | 63 | 02 |
| Czechoslovakia (1930) | 23 | 57 | 20 |
| Hungary (1947) ² | 39 | 40 | 21 |
| Poland (1921) | 15 | 38 | 47 |
| Romania (1941) | 33 | 47 | 20 |
| Former Yugoslavia (1931) | 28 | 63 | 09 |
| | | Feudal landlords and large farms | State-owned lands |
| Albania (1940's) | 28 | 53 | 19 |

¹Dates in parentheses represent year reflected by distribution shown.

²Small farms measure up to 6 hectares; mid-sized farms are from 6 to 57 hectares; and large farms measure more than 57 hectares.

Sources: Albania - (21); Bulgaria, Hungary, and former Yugoslavia - (37); Czechoslovakia - (11); Poland - (19); Romania - (37).

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SUMMARY OF REPORT SB-879

U.S. Agricultural Land is About 1-Percent Foreign Owned

May 1994

Contact: Peter DeBraal (202) 219-0425

Foreign interests owned 14.6 million acres, or slightly more than 1 percent of privately owned U.S. agricultural land as of Dec. 31, 1993, according to the U.S. Department of Agriculture's Economic Research Service. This percentage has stayed about the same since 1981. Acreage in foreign ownership in 1993 increased 1 percent (140,141 acres) from a year earlier.

About 53 percent of the reported foreign holdings involve land actually owned by U.S. corporations. The law requires them to register their landholdings as foreign if as little as 10 percent of their stock is held by foreign investors. The remaining 47 percent of the foreign-held land is owned by investors not affiliated with U.S. firms.

Because of the corporate holdings, an increase in foreign ownership from one year to another does not necessarily represent land newly acquired by foreigners. Nor do the numbers necessarily represent ownership exclusively by foreigners. A U.S. firm's landholdings can show up as "foreign owned" one year, but not another, as the firm's stock passes in and out of foreign hands. The land, however, is still owned by the same entity as before.

These and other findings are based on an analysis of reports submitted to USDA under the Agricultural Foreign Investment Disclosure Act of 1978.

The analysis also revealed:

--Forest land accounts for 48 percent of all foreign-owned acreage; cropland, 17 percent; pasture and other agricultural land, 32 percent; and nonagricultural land, 3 percent.

--Corporations (U.S. and foreign) own 71 percent of the foreign-held acreage; partnerships, 21 percent; and individuals, 6 percent. The remaining 2 percent is held by estates, trusts, associations, institutions, and others.

--Japanese investors own only 3 percent of the total foreign-held acreage, in contrast to 23 percent for Canadian investors, who lead. Investors (including individuals, corporations, partnerships, etc.) from Canada, the United Kingdom, Germany, France, Switzerland, the Netherlands Antilles, and the Netherlands own 72 percent of the foreign total.

--The largest foreign-owned acreage, mostly timberland, was reported in Maine. Foreign holdings account for 13 percent of Maine's privately owned agricultural land. These holdings represent 17 percent of all the reported foreign-owned land nationwide. Four companies own 88 percent of the foreign-held acres in Maine, all in forest land. Two are Canadian, the third is a U.S. corporation that is partially Canadian owned, and the fourth is a U.S. corporation that is partially French owned.

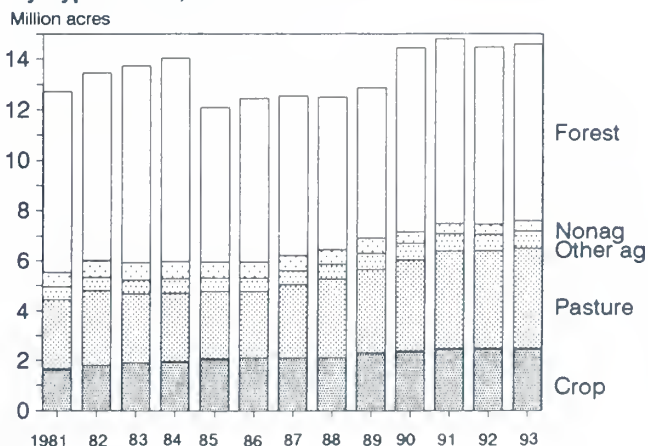
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**Trends in Foreign Ownership of Agricultural Land
by Type of Use, 1981-93**





SUMMARY OF REPORT FAER-253

U.S. Investment in Mexican Agribusiness Quintupled From 1987 to 1992

July 1994

Contact: Christine Bolling, 202-219-0689

U.S. investment in Mexico's agribusiness increased five-fold from 1987 to 1992, and may, under the North American Free Trade Agreement (NAFTA), increase even more rapidly during the 1990's. Mexico ranked fifth among host countries for U.S. direct investment in food and agribusiness in 1992, with nearly \$2 billion, up from \$320 million in 1987. Changes in Mexico's land tenure and investment laws have driven the rapid growth. Other contributing factors include economic growth and increased consumption in Mexico, as well as the complementary Mexican production-U.S. consumption of many seasonal fruits and vegetables.

Most U.S. investments in Mexico's agribusiness are in food processing and beverage industries, farm machinery wholesale establishments, and textiles. Other U.S. investments include packing sheds, refrigeration for fresh fruit and vegetables, restaurants, and grocery stores. A new report by USDA's Economic Research Service, *The U.S. Presence in Mexican Agribusiness*, reviews U.S. investments in Mexico, the reasons for those investments, and their impact on U.S. and Mexican agriculture.

The United States accounts for approximately 70 percent of Mexico's total foreign investment. The more visible U.S. investments include ownership of fast food chains, poultry processing, tomato products, soft drinks, agricultural chemicals, and agricultural machinery.

The textile and apparel industries have attracted \$70 million in U.S. investment through the *maquiladora* system, importing raw materials to bonded warehouses and producing finished goods for export. *Maquiladoras* in the apparel industry grew from 117 plants employing 18,000 workers in 1981 to 304 plants employing 43,000 workers in 1990. Standardized apparel like bluejeans, underwear, and men's shirts are most often produced in *maquiladoras*, as are household products like sheets and towels.

Until 1992, foreign investment in Mexico's agricultural land was prohibited. As a consequence, the Mexican agricultural production sector attracted little foreign investment. According to the U.S. Department of Commerce, U.S. investment in Mexico's agricultural land was only \$5 million in 1992, with horticulture the largest recipient.

Table 1—Foreign direct investment between Mexico and the United States, 1992

| Category | U.S. direct investment in Mexico | Mexico's direct investment in the United States |
|-------------------------------|--|---|
| <i>Million dollars</i> | | |
| All industries | 13,330 | 1,184 |
| Food industry | 1,340 | 69 |
| Other agribusinesses | 554 | NA |
| Total food and agribusinesses | 1,894 | NA |
| Agricultural land | 5 | 262 |

NA = Not available.

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The information presented here is excerpted from ***The U.S. Presence in Mexico's Agribusiness***, by Christine Bolling and Constanza Valdes. The cost is \$9.00.

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